



# ADVANTEX

## Advantex Announces Fiscal 2021 Second Quarter Results

**Toronto, March 31, 2021** -- Advantex Marketing International Inc. (CSE: ADX) (“Advantex”), a leader in the merchant cash advance and loyalty marketing products for merchants, announced its results for the three and six months ended December 31, 2020.

Highlights of financial results for three and six months ended December 31, 2020 compared to three and six months ended December 31, 2019:

	Three months		Six months		Three months	Six months
	December 2020	December 2019	December 2020	December 2019	Inc./Dec	Inc./Dec
	\$	\$	\$	\$	\$	\$
<b>Revenues</b>	<b>\$ 386,926</b>	<b>\$ 890,936</b>	<b>\$ 698,698</b>	<b>\$ 1,689,979</b>	<b>\$ (504,010)</b>	<b>\$ (991,281)</b>
Direct expenses						
Cost of cardholder rewards and marketing in connection with merchant based loyalty program	\$ 122,133	\$ 121,159	\$ 183,850	\$ 218,923	\$ 974	\$ (35,073)
Expense for provision against delinquent accounts	\$ 44,015	\$ 122,972	\$ 72,742	\$ 189,098	\$ (78,957)	\$ (116,356)
<b>Gross profit</b>	<b>\$ 220,778</b>	<b>\$ 646,805</b>	<b>\$ 442,106</b>	<b>\$ 1,281,958</b>	<b>\$ (426,027)</b>	<b>\$ (426,027)</b>
Selling and General & Administrative expenses	\$ 330,348	\$ 646,786	\$ 640,210	\$ 1,244,024	\$ (316,438)	\$ (603,814)
<b>Earnings/(loss) from operations before depreciation, amortization and interest</b>	<b>\$ (109,570)</b>	<b>\$ 19</b>	<b>\$ (198,104)</b>	<b>\$ 37,934</b>	<b>\$ (109,589)</b>	<b>\$ (236,038)</b>
Stated interest expense - loan payable, and debentures	\$ 225,124	\$ 357,157	\$ 471,965	\$ 758,354	\$ (132,033)	\$ (286,389)
<b>(Loss) from operations before depreciation, amortization, non cash interest and non cash items</b>	<b>\$ (334,694)</b>	<b>\$ (357,138)</b>	<b>\$ (670,069)</b>	<b>\$ (720,420)</b>	<b>\$ (22,444)</b>	<b>\$ (50,351)</b>
Interest - Lease	\$ 3,532	\$ 4,976	\$ 7,492	\$ 9,952	\$ (1,444)	\$ (2,460)
Interest expense - Accretion charges, restructuring bonus and amortization of transaction costs related to non-convertible debentures payable	\$ 159,539	\$ 147,524	\$ 317,652	\$ 288,158	\$ 12,015	\$ 29,494
Depreciation of right of use asset	\$ 11,373	\$ 16,333	\$ 22,746	\$ 32,668	\$ (4,960)	\$ (9,922)
Depreciation of property, plant and equipment	\$ -	\$ 5,821	\$ -	\$ 14,581	\$ (5,821)	\$ (14,581)
<b>Net (loss) and comprehensive (loss)</b>	<b>\$ (509,138)</b>	<b>\$ (531,792)</b>	<b>\$ (1,017,959)</b>	<b>\$ (1,065,779)</b>	<b>\$ (22,654)</b>	<b>\$ (47,820)</b>
Fuller details available in the Consolidated Financial Statements and MD&A available under Advantex's profile on <a href="http://www.sedar.com">www.sedar.com</a>						

The above tabulation is a non-GAAP presentation and is provided to assist readers in understanding Advantex’s financial performance. The information is extracted from consolidated financial statements for three and six months ended December 31, 2020.

**About Advantex:**

Advantex provides working capital to merchants. Advantex also provides specialized marketing programs that enable members of Aeroplan to earn Aeroplan points at participating merchants.

Advantex shares trade on the Canadian Securities Exchange under the symbol ADX.

For more information go to Advantex's profile on [www.sedar.com](http://www.sedar.com)

**For further information please contact:**

Mukesh Sabharwal

Vice-President and Chief Financial Officer

Tel: 416-560-5173

Email: [Mukesh.Sabharwal@advantex.com](mailto:Mukesh.Sabharwal@advantex.com)

Advantex Marketing International Inc.  
Consolidated Statements of Financial Position (unaudited)  
(expresses in Canadian dollars)

	Note	At December 31, 2020	At June 30, 2020
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 39,585	\$ 166,601
Accounts receivable		228,893	118,901
Transaction credits	5	2,250,789	3,923,917
Prepaid expenses and sundry assets		<u>57,383</u>	<u>58,781</u>
		<b>\$ 2,576,650</b>	<b>\$ 4,268,200</b>
<b>Non-current assets</b>			
Right of use asset	15	\$ <u>75,816</u>	\$ <u>98,562</u>
		<b>\$ 75,816</b>	<b>\$ 98,562</b>
<b>Total assets</b>		<b>\$ 2,652,466</b>	<b>\$ 4,366,762</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loan payable	6	\$ 2,843,889	\$ 4,369,006
Lease liability		68,078	64,452
Loan	16	60,000	40,000
Accounts payable and accrued liabilities		2,626,661	2,364,759
9% Non convertible debentures payable	7	<u>7,189,799</u>	<u>6,611,576</u>
		<b>\$ 12,788,427</b>	<b>\$ 13,449,793</b>
<b>Non-current Liabilities</b>			
Lease liability	15	\$ <u>49,708</u>	\$ <u>84,679</u>
		<b>\$ 49,708</b>	<b>\$ 84,679</b>
<b>Shareholders' deficiency</b>			
Share capital	8	\$ 24,530,555	\$ 24,530,555
Contributed surplus		4,117,170	4,117,170
Accumulated other comprehensive loss		(47,383)	(47,383)
Deficit		<u>(38,786,011)</u>	<u>(37,768,052)</u>
<b>Total deficiency</b>		<b>\$ (10,185,669)</b>	<b>\$ (9,167,710)</b>
<b>Total liabilities and deficiency</b>		<b>\$ 2,652,466</b>	<b>\$ 4,366,762</b>

**Going concern (note 2), Commitments and contingencies (note 11)**

The accompanying notes are an integral part of these consolidated financial statements

**Approved by the Board**

**Director:** Signed "Marc Lavine"  
Marc Lavine

**Director:** Signed "Kelly Ambrose"  
Kelly Ambrose

Advantex Marketing International Inc.  
Consolidated Statements of Loss and Comprehensive Loss (unaudited)  
(expressed in Canadian dollars)

	Note	Three months ended December 31		Six months ended December 31	
		2020	2019	2020	2019
		\$	\$	\$	\$
	18		Amended		Amended
<b>Revenues</b>	14				
Marketing activities		\$ 194,122	\$ 237,081	\$ 307,080	\$ 416,663
Interest income		192,804	653,855	391,618	\$ 1,273,316
		<b>\$ 386,926</b>	<b>\$ 890,936</b>	<b>\$ 698,698</b>	<b>\$ 1,689,979</b>
Direct expenses	13/14	166,148	244,131	256,592	408,021
		220,778	646,805	442,106	1,281,958
<b>Operating expenses</b>					
Selling and marketing	13/14	109,795	190,835	256,960	378,698
General and administrative	13/14	220,553	455,951	383,250	865,326
<b>Earnings/(Loss) from operations before depreciation, amortization and interest</b>		<b>(109,570)</b>	<b>19</b>	<b>(198,104)</b>	<b>37,934</b>
Stated interest expense - loan payable, and debentures	6/7	225,124	357,157	471,965	758,354
Interest - Lease	15	3,532	4,976	7,492	9,952
Non-cash interest expense (accretion charges), restructuring bonus and amortization of transaction costs	7	159,539	147,524	317,652	288,158
Depreciation of right of use asset	15	11,373	16,333	22,746	32,668
Depreciation of property, plant and equipment		-	5,821	-	14,581
<b>Net (loss) and comprehensive (loss)</b>		<b>\$ (509,138)</b>	<b>\$ (531,792)</b>	<b>\$ (1,017,959)</b>	<b>\$ (1,065,779)</b>
<b>(Loss) per share</b>					
Basic and Diluted	12	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The accompanying notes are an integral part of these consolidated financial statements

Advantex Marketing International Inc.  
Consolidated Statements of Changes in Shareholders' Deficiency (unaudited)  
(expressed in Canadian dollars)

	Class A preference shares	Common shares	Contributed surplus	Accumulated other comprehen - sive loss	Deficit	Total
	\$	\$	\$	\$	\$	\$
<b>Balance - July 1, 2019</b>	\$ 3,815	\$ 24,526,740	\$ 4,090,382	\$ (47,383)	\$ (34,840,656)	\$ (6,267,102)
Reported at December 31, 2019 as adjustment to deficit on account of adoption of IFRS 16 Leases at July 1, 2019	-	-	-	-	(35,218)	(35,218)
Reported Net (loss) and comprehensive (loss)	-	-	-	-	(1,054,733)	(1,054,733)
Reported as balance at December 31, 2019	3,815	24,526,740	4,090,382	(47,383)	(35,930,607)	(7,357,053)
Adjustments on account of amendments made at year end June 30, 2020 to initial computations on adoption of IFRS 16 Leases at July 1, 2019, and initial recording on issuance of \$200,000 9% debentures in October 2019						
Reversal of adjustment made to deficit at July 1, 2019 - IFRS 16 Leases	-	-	-	-	35,218	35,218
Recording of contributed surplus - 9% debentures	-	-	26,788	-	-	26,788
Increase in Reported Net (loss) and comprehensive (loss)	-	-	-	-	(11,046)	(11,046)
<b>Amended Balance - December 31, 2019</b>	\$ 3,815	\$ 24,526,740	\$ 4,117,170	\$ (47,383)	\$ (35,906,435)	\$ (7,306,093)
<b>Balance - July 1, 2020</b>	\$ 3,815	\$ 24,526,740	\$ 4,117,170	\$ (47,383)	\$ (37,768,052)	\$ (9,167,710)
Net (loss) and comprehensive (loss)	-	-	-	-	(1,017,959)	(1,017,959)
<b>Balance - December 31, 2020</b>	\$ 3,815	\$ 24,526,740	\$ 4,117,170	\$ (47,383)	\$ (38,786,011)	\$ (10,185,669)

The accompanying notes are an integral part of these consolidated financial statements

Advantex Marketing International Inc.  
Consolidated Statements of Cash Flow (unaudited)  
(expresses in Canadian dollars)

	Note	Six months ended December 31, 2020	Six months ended December 31, 2019
		\$	\$
	18		Amended
<b>Operational activities</b>			
Net (loss) for the period		\$ (1,017,959)	\$ (1,065,779)
Adjustments for:			
Accrued and unpaid 9% debentures interest		260,571	255,022
Interest - Lease	15	7,492	9,952
Depreciation of right of use asset	15	22,746	32,668
Depreciation of property, plant and equipment		-	14,581
Loss on disposal of property, plant & equipment		-	45
Accretion charge - non-convertible debentures payable	7	174,404	158,400
Restructuring bonus - non-convertible debentures payable	7	133,855	126,627
Amortization of transaction costs - non-convertible debentures payable	7	<u>9,393</u>	<u>3,131</u>
		(409,499)	(465,353)
Changes in items of working capital			
Accounts receivable		(109,992)	965
Transaction credits		1,673,128	2,652,085
Prepaid expenses and sundry assets		1,398	1,600
Accounts payable and accrued liabilities		<u>261,902</u>	<u>(9,180)</u>
		1,826,436	2,645,470
<b>Net cash provided by operating activities</b>		<b>\$ 1,416,938</b>	<b>\$ 2,180,117</b>
<b>Financing activities</b>			
Payment for lease	15	\$ (38,837)	\$ (38,835)
Gross proceeds - non-convertible debentures payable	7	-	200,000
Transaction costs - non-convertible debentures payable		-	(40,703)
Proceeds from loan - Canada Emergency Business Account		20,000	-
(Decrease) of loan payable	6	<u>(1,525,117)</u>	<u>(2,366,007)</u>
<b>Net cash (used in) financing activities</b>		<b>\$ (1,543,954)</b>	<b>\$ (2,245,545)</b>
<b>(Decrease) in cash during the period</b>		<b>\$ (127,016)</b>	<b>\$ (65,428)</b>
Cash at beginning of period		<u>166,601</u>	<u>119,636</u>
<b>Cash at end of period</b>		<b>\$ 39,585</b>	<b>\$ 54,208</b>
<b>Additional information</b>			
Interest paid		\$ 211,394	\$ 503,332
Cash		\$ 39,585	\$ 54,208

The accompanying notes are an integral part of these consolidated financial statements